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Power Assets Holdings Ltd.
電能實業有限公司

於香港註冊成立的有限公司
Incorporated in Hong Kong with limited liability
股份代號 Stock Code: 6

CONNECTED TRANSACTION

SUBSCRIPTION OF SHARES IN A JOINT VENTURE

On 20 December 2018, each of Superb Year, an indirect wholly-owned subsidiary of the Company, and CKI Subsidiary, an indirect wholly-owned subsidiary of CKI, entered into a Share Subscription Undertaking in favour of Sino Task, pursuant to which each of Superb Year and CKI Subsidiary subscribed for 500 new Sino Task Shares at a subscription price of £78,011 (equivalent to approximately HK\$770,748.68) per new Sino Task Share, and Sino Task allotted and issued 500 new Sino Task Shares to each of Superb Year and CKI Subsidiary on the same day.

CKI currently holds approximately 38.01% of the issued shares of the Company. As a substantial shareholder of the Company, CKI is a connected person of the Company under Chapter 14A of the Listing Rules. Sino Task is indirectly held as to 50% by CKI and is therefore an associate of CKI and a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the Share Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in respect of the Share Subscription calculated pursuant to Rule 14.07 of the Listing Rules exceeds 0.1% but is less than 5%, the Share Subscription is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

SHARE SUBSCRIPTION

On 20 December 2018, each of Superb Year, an indirect wholly-owned subsidiary of the Company, and CKI Subsidiary, an indirect wholly-owned subsidiary of CKI, entered into a Share Subscription Undertaking in favour of Sino Task, pursuant to which each of Superb Year and CKI Subsidiary subscribed for 500 new Sino Task Shares at a subscription price of £78,011 (equivalent to approximately HK\$770,748.68) per new Sino Task Share, and Sino Task allotted and issued 500 new Sino Task Shares to each of Superb Year and CKI Subsidiary on the same day.

Pursuant to the Share Subscription Undertakings, on 20 December 2018 each of Superb Year and CKI Subsidiary undertook to pay to Sino Task the subscription price of £39,005,500 (equivalent to approximately HK\$385,374,340) for the 500 new Sino Task Shares it subscribed upon a written demand by Sino Task, with an aggregate of £78,011,000 (equivalent to approximately HK\$770,748,680) to be received by Sino Task for the Share Subscription. The subscription prices for the Share Subscription were settled on the same day in accordance with the terms and conditions of the Offset Agreements, pursuant to which (i) Electricity First redeemed bonds held by each of Superb Year and CKI Subsidiary for an amount of £39,005,500 (equivalent to approximately HK\$385,374,340), (and an aggregate amount of £78,011,000 (equivalent to approximately HK\$770,748,680)), together with accrued but unpaid interest up to the redemption date, and agreed to pay to each the Redemption Receivable; (ii) each of Superb Year and CKI Subsidiary applied the Redemption Receivable to offset the Sino Task Receivable, thereby fully paying up the 500 new Sino Task Shares issued and allotted to each of them; and (iii) Sino Task applied the Sino Task Receivable in satisfaction of the subscription price for the 1,000 new shares Electricity First issued and allotted to it on 20 December 2018, thereby fully paying up those shares. In effect, pursuant to the Offset Agreements, the subscription prices for the Share Subscription will indirectly be satisfied by, and funded through, the aforesaid redemption of bonds issued by Electricity First and held by Superb Year and CKI Subsidiary, without the need for any additional resources from either the Group or the CKI Group.

As of the date of this Announcement, the issued share capital of Sino Task is owned as to 50% by Superb Year and 50% by CKI Subsidiary. After completion of the Share Subscription, the percentage of shareholding of Superb Year and CKI Subsidiary in Sino Task will remain unchanged, and each of Sino Task and Electricity First will continue to be accounted for as a joint venture of the Company.

The new Sino Task Shares to be issued and subscribed for pursuant to the Share Subscription will rank *pari passu* in all respects among themselves and with all other Sino Task Shares in issue, including the right to receive all dividends and distributions which may be declared, made or paid on or after their allotments. The terms of the Share Subscription (including the subscription prices) have been reached between the parties on an arm's length basis by reference to the refinancing requirements of Electricity First and the corresponding financing requirements of its holding company, Sino Task.

IMPLICATIONS UNDER THE LISTING RULES

CKI currently holds approximately 38.01% of the issued shares of the Company. As a substantial shareholder of the Company, CKI is a connected person of the Company under Chapter 14A of the Listing Rules. Sino Task is indirectly held as to 50% by CKI and is therefore an associate of CKI and a connected person of the Company under Chapter 14A of the Listing Rules.

As such, the Share Subscription constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio in respect of the Share Subscription calculated pursuant to Rule 14.07 of the Listing Rules exceeds 0.1% but is less than 5%, the Share Subscription is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

None of the Directors has any material interest in the Share Subscription and the transactions contemplated thereunder requiring the Director to abstain from voting on the board resolutions for such transactions.

REASON FOR THE SHARE SUBSCRIPTION

The Share Subscription is part and parcel of a refinancing exercise for Electricity First to refinance its existing bonds through new shareholders' equity capital. Since each of Superb Year and CKI Subsidiary will subscribe for new Sino Task Shares on a pro-rata basis in accordance with their respective interests in Sino Task and on the same terms, the Directors (including the independent non-executive Directors) are of the view that the Share Subscription is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole, and that the terms thereunder are fair and reasonable.

INFORMATION ON THE PARTIES INVOLVED

The principal activities of the Group are investment in energy and utility-related businesses in the United Kingdom, Hong Kong, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Portugal, Canada and the United States.

The principal activities of CKI Group are development, investment and operation of infrastructure businesses in Hong Kong, Mainland China, the United Kingdom, Continental Europe, Australia, New Zealand and North America.

Sino Task is the sole shareholder of Electricity First, which holds a 50% stake in Seabank Power Limited, an electricity-generating company located near Bristol in the United Kingdom.

Based on its unaudited financial statements, the net profit or loss of Sino Task was £0 for each of the years ended 31 December 2017 and 31 December 2016, and the net assets of Sino Task as at 31 December 2017 was £63,720,001 (equivalent to approximately HK\$629,553,609.88).

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to such term in the Listing Rules
“Board”	the board of Directors of the Company
“CKI”	CK Infrastructure Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1038)
“CKI Group”	CKI and its subsidiaries

“CKI Subsidiary”	Super Ace Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of CKI which owns 50% of the issued share capital of Sino Task
“Company”	Power Assets Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6)
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Director(s)”	the director(s) of the Company
“Electricity First”	Electricity First Limited, a company incorporated in England and Wales and a direct wholly-owned subsidiary of Sino Task
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offset Agreements”	two offset agreements dated 20 December 2018 each entered into by Superb Year and CKI Subsidiary with Electricity First and Sino Task to effect the payment of the subscription prices for the Share Subscription and other payments, as described under the heading “SHARE SUBSCRIPTION” above
“Redemption Receivable”	for each of Superb Year and CKI Subsidiary, the amount of £39,005,500 (equivalent to approximately HK\$385,374,340), payable by Electricity First to each of them pursuant to redemption of the bonds issued by Electricity First, as described under the heading “SHARE SUBSCRIPTION” above
“Share Subscription”	the subscription by each of Superb Year and CKI Subsidiary for, and the issuance by Sino Task to each of them, 500 new Sino Task Shares at a subscription price of £78,011 (equivalent to approximately HK\$770,748.68) per new Sino Task Share, pursuant to the Share Subscription Undertakings
“Share Subscription Undertakings”	two share subscription undertakings both dated 20 December 2018 each entered into by Superb Year and CKI Subsidiary in favour of Sino Task for the Share Subscription respectively, and each of them a “Share Subscription Undertaking”
“Sino Task”	Sino Task Limited, a company incorporated in the British Virgin Islands with limited liability, and held as to 50% each by Superb Year and CKI Subsidiary

“Sino Task Receivable”	the amount of £39,005,500 (equivalent to approximately HK\$385,374,340), payable by each of Superb Year and CKI Subsidiary to Sino Task (for an aggregate amount of £78,011,000 (equivalent to approximately HK\$770,748,680)) pursuant to the Share Subscription, as described under the heading “SHARE SUBSCRIPTION” above
“Sino Task Shares”	shares of US\$1.00 each in the share capital of Sino Task
“Superb Year”	Superb Year Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“substantial shareholder”	has the meaning ascribed to such term in the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“£”	British pounds, the lawful currency of the United Kingdom
“US\$”	United States dollars, the lawful currency of the United States of America

Note: The figures in “£” are converted into HK\$ at the rate of £1.00 : HK\$9.88 throughout this announcement for indicative purpose only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

By Order of the Board
Alex Ng
Company Secretary

Hong Kong, 20 December 2018

As at the date of this announcement, the directors of the Company are:

Executive directors : Mr. FOK Kin Ning, Canning (Chairman), Mr. TSAI Chao Chung, Charles (Chief Executive Officer), Mr. CHAN Loi Shun, Mr. Andrew John HUNTER, Mr. Neil Douglas MCGEE and Mr. WAN Chi Tin

Non-executive director : Mr. LI Tzar Kuoi, Victor

Independent non-executive directors : Mr. IP Yuk-keung, Albert, Mr. Ralph Raymond SHEA, Mr. WONG Chung Hin and Mr. WU Ting Yuk, Anthony